



TECHNICAL TUESDAYS

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SHAUN MURISON

Shaun has worked in financial markets for over seven years, and previously ran IG's KZN branch before moving to Johannesburg.

As market analyst he presents our CFD trading seminars around the country. In addition, Shaun is a regular commentator on the local financial markets, making contributions to various media (such as CNBC Africa and Business Day) and writing daily and weekly market reports. He is a registered person as well as Certified Market Technician (CFTE).



You can follow Shaun on Twitter at [@ShaunMurison_IG](#) for regular market updates and insight.

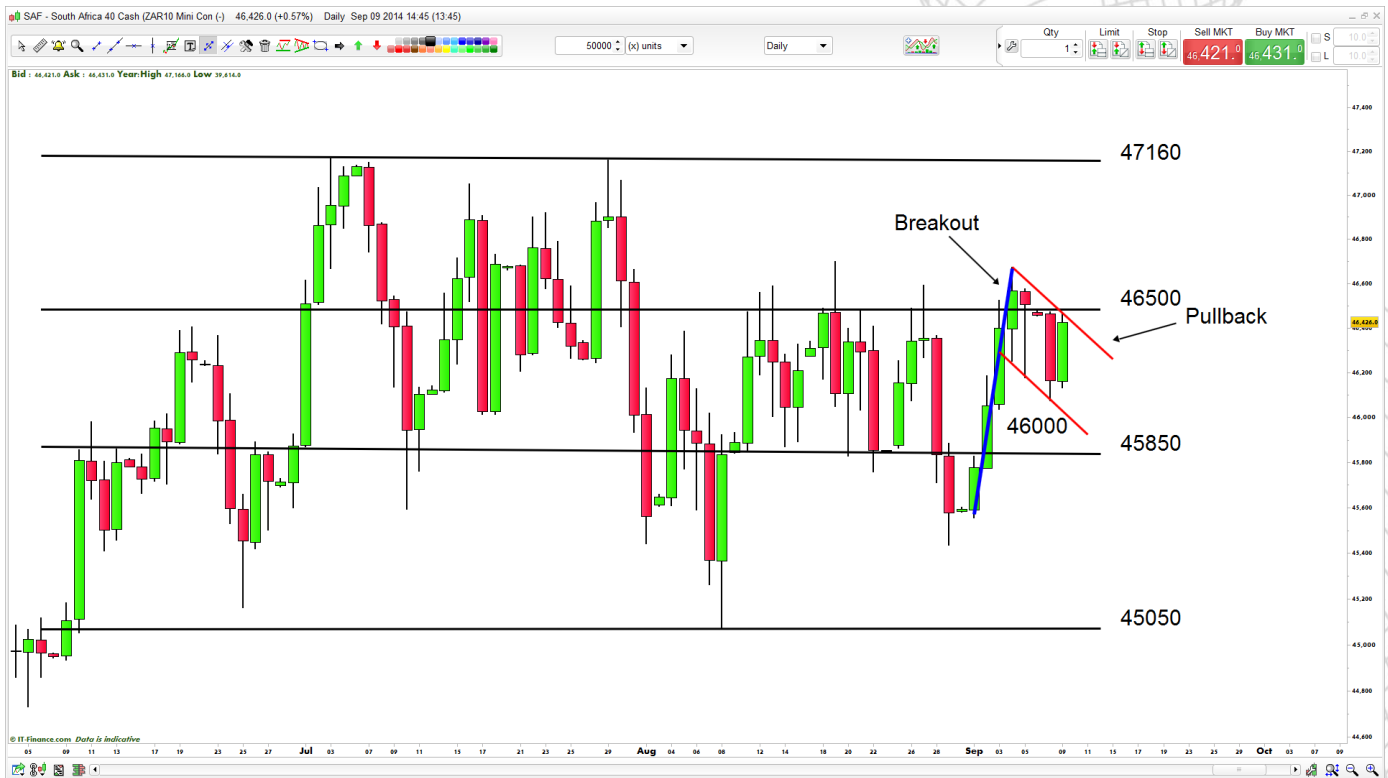
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1. SOUTH AFRICA 40 INDEX



SOUTH AFRICA 40 INDEX

- South Africa 40 cash index has broken out of the range between levels 45850 and 46000 before retracing back within these levels
- If we consider the short term move up (blue line) and subsequent pullback (parallel red lines) a bullish flag formation is highlighted
- This pattern highlights a strong move up followed by a slow cumbersome move back down, alluding to the short term momentum remaining bullish
- Another breakout above resistance at 46500 would be preferable, however the setup remains positive
- In this scenario the high at 47160 becomes the favoured target with a close below flag support at 46000 considering the failure of the short term bullish indication



2. HIGHS & LOWS

SHARES | 52 WEEK HIGHS

Bidvest
PPC
Peregrine Holdings
Jse Ltd
Aspen Pharmacare
Life Healthcare
RMI Holdings
Tigerbrands
AVI Ltd
Remgro
Discovery
MTN
Firstrand
Super Group
Netcare
Sun International
RMB Holdings
Nampak

SHARES | 52 WEEK LOWS

Kumba Iron Ore
Gijima
Assore

3. BREAKOUT PATTERN TO WATCH

GOLDFIELDS (Daily chart)

The price of Goldfields is reversing of horizontal support at 4615. The reversal is accompanied by a significant increase in volume suggesting this support level to be an area of accumulation. A retest of the recent short term high at 5100 is favoured in the near term, while a close below trend line support at 4450 would consider the failure of the bullish indications.



4. CONSOLIDATION PATTERNS TO WATCH

NORTHAM PLATINUM LTD (Daily chart)

The price of Northam is reversing off horizontal support at 4200. We have seen an increase in volume (circled red) at this level suggesting an accumulation interest at this point. Furthermore, the Stochastic oscillator is starting to move out of oversold territory, which in a range bound price environment, is considered a positive indication. The price reversal, supported by volume and the oscillator, is considered bullish, favouring a rebound towards resistance at 4375, which if broken further favours a move towards 4565. A price close below 4115 would consider the failure of the bullish indications. The 4115 level is half the distance of the range (4200 to 4375) projected below support. This suggested failure level considers a risk half of the anticipated reward.





5. TECHNICAL PAIR TO WATCH

MURRAY & ROBERTS VS WILSON BAYLY HOLMES-OVCON LTD

The chart considered is that of Murray & Roberts with a Relative Strength Comparison (RSC) indicator added. The RSC compares the price of one security with that of another in a ratio format. The RSC has experienced a decline in value recently which highlights that security 1 (Murray & Roberts) has been underperforming security 2 Wilson Bayly Holmes-Ovcon Ltd (WBHO). Bollinger Bands have been added to the RSC and highlight the underperformance of security 1 reaching abnormality relative to the usual relationship of the two securities. It is expected that the relationship between the two securities will revert back to normality favouring a possible pair trade opportunity i.e. Long Murray & Roberts Short WBHO. The target from the technical indications would be for the RSC to move back towards the 20MA (red line) which is regarded as the mean. This could occur with the price movements of the securities in a number of ways:

1. Murray & Roberts rising and WBHO falling
2. Murray & Roberts rising faster than WBHO rising
3. Murray & Roberts falling slower than WBHO falling.

Should one of these scenarios play out successfully the expectation would be for a net gain of 4.4%. A stop-loss would be considered equal to the anticipated gain of 4.4%.





6. MARKET OVERVIEW

Key Indicators

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
S&P 500	Up	Up	Up	Decreasing	Neutral
South Africa 40	Sideways	Sideways	Up	Flat	Neutral
USD/ZAR	Up	Sideways	Sideways	Increasing	Overbought
Spot Gold	Down	Down	Down	Flat	Oversold

Banks

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Barclays Africa	Up	Up	Up	Increasing	Overbought
FirstRand	Up	Up	Up	Increasing	Overbought
Nedbank	Sideways	Down	Up	Decreasing	Neutral
Standard Bank	Down	Down	Up	Decreasing	Neutral

Financial

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Discovery	Up	Up	Up	Increasing	Overbought
Investec (inl)	Up	Up	Up	Decreasing	Overbought
Investec (inp)	Up	Up	Up	Decreasing	Overbought
Liberty Holdings	Sideways	Sideways	Up	Increasing	Neutral
Old Mutual	Sideways	Sideways	Up	Increasing	Neutral

Food Retailers

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Pick 'n Pay	Sideways	Sideways	Up	Decreasing	Overbought
Shoprite	Down	Down	Down	Decreasing	Neutral
Spar	Sideways	Sideways	Up	Decreasing	Overbought

Retailers

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Compagnie Richemont	Sideways	Down	Down	Flat	Neutral
Foschini	Sideways	Sideways	Up	Decreasing	Neutral
JD Group	Down	Down	Down	Decreasing	Neutral
Mr Price	Up	Up	Up	Increasing	Overbought
Steinhoff	Sideways	Down	Up	Flat	Neutral
Truworths	Sideways	Sideways	Down	Flat	Overbought
Woolworths	Sideways	Sideways	Up	Increasing	Neutral

Construction

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Aveng	Sideways	Sideways	Down	Increasing	Oversold
Group Five	Up	Up	Down	Increasing	Neutral
M & R	Up	Up	Down	Flat	Overbought
WBHO	Up	Up	Sideways	Increasing	Overbought



6. MARKET OVERVIEW CONTINUED...

Telecomms

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
MTN	Up	Up	Up	Flat	Overbought
Vodacom	Up	Down	Up	Increasing	Overbought
Telkom	Up	Up	Up	Increasing	Overbought

Gold

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Anglogold	Down	Down	Up	Increasing	Oversold
Goldfields	Up	Up	Up	Decreasing	Neutral
Harmony	Down	Down	Sideways	Increasing	Oversold

Platinum

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Angloplat	Down	Down	Up	Increasing	Oversold
Impala	Down	Down	Down	Flat	Oversold
Lonmin	Sideways	Down	Down	Flat	Neutral
Northam	Down	Down	Up	Decreasing	Oversold

Resources

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
African Rainbow	Down	Down	Down	Increasing	Oversold
Anglo American Plc	Down	Down	Up	Flat	Neutral
BHP Billiton	Down	Down	Up	Decreasing	Oversold
Exxaro	Sideways	Up	Sideways	Increasing	Oversold
Kumba	Down	Down	Down	Increasing	Oversold
Sasol	Up	Up	Up	Increasing	Neutral

Industrials

	Near trend	Intermediate trend	Primary trend	Volatility	OB/OS
Aspen	Up	Sideways	Up	Increasing	Overbought
Barlworld	Sideways	Sideways	Sideways	Flat	Neutral
Bidvest	Up	Up	Up	Increasing	Overbought
Imperial	Sideways	Sideways	Sideways	Decreasing	Neutral
Naspers	Sideways	Sideways	Up	Flat	Neutral
Remgro	Up	Up	Up	Flat	Overbought
Reunert	Up	Sideways	Down	Increasing	Overbought
SABMiller	Up	Down	Up	Decreasing	Neutral
Tigerbrands	Up	Up	Up	Increasing	Overbought